

HOUSE BILL No. 1343

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3; IC 20-12-22.5; IC 20-20-35.

Synopsis: Education finance and taxation. Imposes a graduated adjusted gross income tax on the income of individuals, with a maximum rate of 4.4%. Authorizes the state student assistance commission to provide grants to persons who: (1) are employed in certain positions by a school corporation or an accredited nonpublic school; and (2) are enrolled in or admitted to an Indiana institution of higher education as students pursuing a master's degree. Provides that a grant must be applied to the person's costs for tuition, textbooks, and regularly assessed fees. Provides that the maximum amount of an initial grant to an individual is \$5,000 and the maximum amount of a second grant to the individual is \$5,000. Requires the department of education (department) to establish a pilot program to provide grants to school corporations and other entities that implement prekindergarten programs. Requires the education roundtable to provide recommendations to the department concerning the criteria to be used in selecting the school corporations for the pilot program. Includes reporting requirements for participating school corporations and the department. Provides that the pilot program expires July 1, 2014. Makes appropriations for the prekindergarten pilot program and for the grant program for school employees seeking master's degrees. Makes an appropriation for full-day kindergarten grants.

Effective: Upon passage; July 1, 2007; January 1, 2008.

Day

January 16, 2007, read first time and referred to Committee on Ways and Means.

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First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1343

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-2-1 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JANUARY 1, 2008]: Sec. 1. (a) Each taxable year, a tax
3 at the ~~rate of three and four-tenths percent (3.4%)~~ of adjusted gross
4 ~~income following rates~~ is imposed upon the adjusted gross income of
5 every resident person, and on that part of the adjusted gross income
6 derived from sources within Indiana of every nonresident person:

7 **(1) Three and four-tenths percent (3.4%) of the part of**
8 **adjusted gross income that is less than seventy-five thousand**
9 **dollars (\$75,000).**

10 **(2) Three and six-tenths percent (3.6%) of the part of adjusted**
11 **gross income that is at least seventy-five thousand dollars**
12 **(\$75,000) but less than one hundred thousand dollars**
13 **(\$100,000).**

14 **(3) Four and four-tenths percent (4.4%) of the part of**
15 **adjusted gross income that equals or exceeds one hundred**
16 **thousand dollars (\$100,000).**

17 (b) Except as provided in section 1.5 of this chapter, each taxable



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year, a tax at the rate of eight and five-tenths percent (8.5%) of adjusted gross income is imposed on that part of the adjusted gross income derived from sources within Indiana of every corporation.

SECTION 2. IC 6-3-7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) All revenues derived from collection of the adjusted gross income tax imposed on corporations shall be deposited in the state general fund.

(b) **Before January 1, 2008**, all revenues derived from collection of the adjusted gross income tax imposed on persons shall be deposited as follows:

(1) Eighty-six percent (86%) in the state general fund.

(2) Fourteen percent (14%) in the property tax replacement fund.

(c) **After December 31, 2007, all revenues derived from collection of the adjusted gross income tax imposed on persons shall be deposited as follows:**

(1) Eighty-seven percent (87%) in the state general fund.

(2) Thirteen percent (13%) in the property tax replacement fund.

SECTION 3. IC 20-12-22.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 22.5. Grants for Master's Degrees

Sec. 1. As used in this chapter, "approved institution of higher learning" means a public or private college or university that:

(1) is located in Indiana;

(2) offers a student the opportunity to acquire a master's degree; and

(3) is approved by the commission for participation in the grant program under this chapter.

Sec. 2. As used in this chapter, "commission" refers to the state student assistance commission established by IC 20-12-21-4.

Sec. 3. (a) Subject to the requirements of this chapter and rules adopted by the commission, a person is eligible to receive a grant under this chapter if the person:

(1) is employed by a school corporation or an accredited nonpublic school as:

(A) a teacher;

(B) an administrative officer;

(C) a librarian;

(D) a nurse licensed or registered under IC 25-23;

(E) a dietitian;

(F) a mental health provider (as defined in IC 16-36-1.5-2);

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(G) a school social worker under IC 20-20-19;

(2) is enrolled in or admitted to an approved institution of higher learning as a student pursuing a master's degree related to the person's professional development;

(3) applies to the commission, on forms prepared by the commission, for the grant; and

(4) meets any other requirements established by the commission to carry out this chapter.

(b) The maximum amount of an initial grant the commission may award to a person under this chapter is five thousand dollars (\$5,000). A person must use a grant under this chapter for tuition, textbooks, and regularly assessed fees not later than three (3) years after the person is awarded the grant.

(c) The commission may provide a second grant under this chapter only to a person who has previously received an initial grant under this chapter and has successfully completed at least two (2) semesters of the person's master's degree program after receiving the initial grant. The maximum amount of a second grant the commission may provide to a person under this chapter is five thousand dollars (\$5,000). A person must use a second grant under this chapter for tuition, textbooks, and regularly assessed fees not later than three (3) years after the person is awarded the second grant.

Sec. 4. A grant awarded to a person under this chapter must be applied to the person's cost for tuition, textbooks, and regularly assessed fees for courses related to the master's degree at the approved institution of higher learning in which the person is enrolled.

Sec. 5. The commission may permit an approved institution of higher learning to act as the commission's agent in accepting applications under this chapter from students enrolled in or applying to the approved institution of higher learning. An approved institution of higher learning acting as the commission's agent shall provide to the commission on a timely basis any information, reports, and accounting the commission requires.

Sec. 6. (a) The master's degree grant fund is established to make grants under this chapter to eligible persons.

(b) The fund consists of the following:

(1) Appropriations made by the general assembly.

(2) Gifts, grants, devises, or bequests made to the state to achieve the purposes of the fund.

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(c) The fund shall be administered by the commission.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds are invested.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(f) Money in the fund is annually appropriated to the commission to carry out this chapter.

Sec. 7. The commission shall do the following:

(1) Adopt rules under IC 4-22-2 governing the operation of the master's degree grant fund, including rules specifying the procedures that a person must follow to appeal a determination made under subdivision (3) or (4).

(2) Prescribe the form and manner in which applications for grants may be submitted.

(3) Determine the eligibility of applicants.

(4) Determine the amount of a grant to be awarded to a person.

Sec. 8. (a) The commission shall record the time of filing of each application for a grant under this chapter and shall approve the applications, if the applicants otherwise qualify, in the chronological order in which the applications are filed in the state fiscal year.

(b) The commission may not use more than one hundred thousand dollars (\$100,000) in a state fiscal year to administer this chapter.

SECTION 4. IC 20-20-35 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 35. Prekindergarten Grant Pilot Program

Sec. 1. As used in this chapter, "eligible provider" means any of the following:

(1) School corporations, including charter schools.

(2) Any entity providing a prekindergarten program that is accredited by the National Association for the Education of Young Children.

Sec. 2. As used in this chapter, "pilot program" refers to the pilot program established under section 3 of this chapter.

Sec. 3. (a) The department shall establish a pilot program to provide grants to eligible providers selected by the department to implement prekindergarten programs.

(b) The department shall administer the pilot program.

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1 **Sec. 4. (a) To be eligible for selection as a pilot program grant**
 2 **recipient, an eligible provider must do the following:**

3 **(1) Apply to the department for a grant, on forms provided by**
 4 **the department, and include a detailed description of the**
 5 **eligible provider's proposed prekindergarten program. The**
 6 **description must include at least the following information:**

7 **(A) An estimate of the number of students likely to**
 8 **participate.**

9 **(B) A description of the prekindergarten curriculum that**
 10 **will be instituted by the eligible provider. The**
 11 **prekindergarten curriculum must be consistent with the**
 12 **Foundations to the Indiana Academic Standards for Young**
 13 **Children (or successor standards adopted by the**
 14 **department of education).**

15 **(C) A description of how the curriculum of the proposed**
 16 **prekindergarten program aligns with existing programs**
 17 **and standards for students in kindergarten through grade**
 18 **3.**

19 **(D) An estimate of the cost of implementing the**
 20 **prekindergarten program.**

21 **(2) Demonstrate a commitment by teachers, parents, and**
 22 **school administrators toward carrying out the proposed**
 23 **prekindergarten program.**

24 **(3) Comply with any other requirements set forth by the**
 25 **department.**

26 **(b) Subject to section 6 of this chapter, after review of the**
 27 **applications submitted under this section, the department shall do**
 28 **the following:**

29 **(1) Select the eligible providers that will participate in the**
 30 **pilot program.**

31 **(2) Provide grants to the eligible providers selected to**
 32 **participate in the pilot program.**

33 **(c) The education roundtable shall provide recommendations to**
 34 **the department concerning the criteria to be used by the**
 35 **department in selecting the eligible providers that will participate**
 36 **in the pilot program.**

37 **(d) The criteria to be used by the department in selecting the**
 38 **eligible providers that will participate in the pilot program must do**
 39 **the following:**

40 **(1) Include at least an evaluation of the following:**

41 **(A) The information submitted by the eligible provider**
 42 **under subsection (a).**

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(B) The coordination of the proposed prekindergarten program with local health services and social services.

(2) Take into consideration the requirements of section 6 of this chapter.

Sec. 5. A prekindergarten program that is part of the pilot program and is funded by a grant under this chapter:

(1) may serve only prekindergarten students who are at least four (4) years of age on September 1 of the school year; and

(2) may be a half-day or full-day program.

Sec. 6. The department shall:

(1) select a representative sample of eligible providers, determined through an application procedure, to participate in the pilot program;

(2) give priority to the selection of:

(A) lower performing school corporations; and

(B) private providers of prekindergarten programs located in areas served by lower performing school corporations; and

(3) to the extent possible, select eligible providers so that the pilot program will:

(A) achieve a geographic balance throughout Indiana;

(B) include urban, suburban, and rural eligible providers; and

(C) include both public eligible providers and private eligible providers.

Sec. 7. Subject to the approval of the department, an eligible provider participating in the pilot program may enter into a contract with an individual or a nonprofit entity for the operation and management of all or any part of a prekindergarten program funded by a grant under this chapter.

Sec. 8. The department may not use more than one hundred thousand dollars (\$100,000) in a state fiscal year to administer this chapter.

Sec. 9. Unexpended money appropriated to the department for the department's use in implementing the pilot program at the end of a state fiscal year does not revert to the state general fund but remains available to the department for the department's continued use under this chapter.

Sec. 10. The department shall adopt rules under IC 4-22-2 to implement this chapter. The rules must include the following:

(1) Minimum requirements concerning the prekindergarten curriculum that must be used by an eligible provider

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participating in the pilot program. The prekindergarten curriculum must be consistent with the Foundations to the Indiana Academic Standards for Young Children (or successor standards adopted by the department of education).

(2) The maximum class size of a prekindergarten program funded by a grant under this chapter.

(3) A requirement that each class in a prekindergarten program funded by a grant under this chapter must be taught by a teacher who has any of the following:

(A) A prekindergarten teacher's license.

(B) An early childhood education teacher's license.

(C) A degree in early childhood education, child development, elementary education, or early childhood special education.

Sec. 11. (a) Each eligible provider that participates in the pilot program shall annually prepare a written report detailing all the pertinent information concerning the implementation of the pilot program, including any recommendations made and conclusions drawn from the pilot program. The eligible provider must submit the report to the department before July 1 of each year.

(b) Before November 1 of each year, the department shall submit a report to the governor and the general assembly on the pilot program. The report must include the following:

(1) Any conclusions and recommendations made by the department concerning prekindergarten programs.

(2) Information concerning the cost of expanding the pilot program statewide.

(3) A description of any social programs or health programs that could be provided efficiently with prekindergarten programs.

A report submitted under this subsection to the general assembly must be in an electronic format under IC 5-14-6.

(c) The department shall monitor the performance of students who participate in the pilot program as those students continue their education in elementary school.

Sec. 12. This chapter expires July 1, 2014.

SECTION 5. [EFFECTIVE JANUARY 1, 2008] IC 6-3-2-1, as amended by this act, applies to taxable years beginning after December 31, 2007.

SECTION 6. [EFFECTIVE JULY 1, 2007] (a) There is appropriated to the department of education from the state general fund one hundred twenty million dollars (\$120,000,000) for the

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state fiscal year beginning July 1, 2007, and ending June 30, 2008, and one hundred sixty million dollars (\$160,000,000) for the state fiscal year beginning July 1, 2008, and ending June 30, 2009, to fund full-day kindergarten grants under this SECTION.

(b) The full-day kindergarten grants shall be provided to school corporations that apply to the department of education for funding for full-day kindergarten programs. The department of education shall adopt guidelines establishing application procedures for full-day kindergarten grants under this SECTION. The amount of the full-day kindergarten grant available each year to a school corporation may not exceed:

(1) the school corporation's full-day kindergarten enrollment for the year; multiplied by

(2) the result of:

(A) one hundred twenty million dollars (\$120,000,000), for the 2007-2008 school year and one hundred sixty million dollars (\$160,000,000), for the 2008-2009 school year; divided by

(B) the total full-day kindergarten enrollment of all school corporations receiving a full-day kindergarten grant for the year.

(c) A school corporation that is awarded a full-day kindergarten grant under this SECTION must provide to the department of education a financial report stating how the grant funds were spent. Any unspent grant funds at the end of the biennium must be returned by the school corporation to the department of education.

(d) This SECTION expires July 1, 2009.

SECTION 7. [EFFECTIVE JULY 1, 2007] (a) There is appropriated to the master's degree grant fund ten million dollars (\$10,000,000) beginning July 1, 2007, and ending June 30, 2008, and twenty million dollars (\$20,000,000) beginning July 1, 2008, and ending June 30, 2009, from the state general fund for the state student assistance commission's use in carrying out IC 20-12-22.5, as added by this act.

(b) This SECTION expires July 1, 2009.

SECTION 8. [EFFECTIVE JULY 1, 2007] (a) There is appropriated to the department of education ten million dollars (\$10,000,000) beginning July 1, 2007, and ending June 30, 2008, and twenty million dollars (\$20,000,000) beginning July 1, 2008, and ending June 30, 2009, from the state general fund to carry out IC 20-20-35, as added by this act.

(b) This SECTION expires July 1, 2009.

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1 SECTION 9. [EFFECTIVE UPON PASSAGE] (a) To implement
 2 IC 20-12-22.5, as added by this act, the state student assistance
 3 commission shall adopt temporary rules in the manner provided in
 4 IC 4-22-2-37.1 for the adoption of emergency rules.

5 (b) A temporary rule adopted under this SECTION expires on
 6 the earliest of the following:

7 (1) The date rules are adopted under IC 20-12-22.5, as added
 8 by this act.

9 (2) The date another temporary rule is adopted under this
 10 SECTION to replace an earlier rule adopted under this
 11 SECTION.

12 (3) January 1, 2009.

13 (c) This SECTION expires July 1, 2009.

14 SECTION 10. [EFFECTIVE UPON PASSAGE] (a) To implement
 15 IC 20-20-35, as added by this act, the department of education shall
 16 adopt temporary rules in the manner provided in IC 4-22-2-37.1
 17 for the adoption of emergency rules.

18 (b) A temporary rule adopted under this SECTION expires on
 19 the earliest of the following:

20 (1) The date rules are adopted under IC 20-20-35, as added by
 21 this act.

22 (2) The date another temporary rule is adopted under this
 23 SECTION to replace an earlier rule adopted under this
 24 SECTION.

25 (3) January 1, 2009.

26 (c) This SECTION expires July 1, 2009.

27 SECTION 11. An emergency is declared for this act.

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